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The Effect of Organizational-Professional Conflict towards Professional Judgment by Public Accountant Using Personality Type, Gender, and Locus of Control as Moderating Variables

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ABSTRACT

Professionalism is crucial in the audit fieldwork. Public accountants have a role as a member of an organization (public accounting firm) and professional organization, prone to experience a conflict between values and professional organizations. On the other hand, as an individual, an auditor has behavioral sides that would affect professional judgment made while engaged in conflict situations. This research aimed to examine and to obtain empirical evident on effects of organizational-professional conflict toward professional judgment taken by auditor by using personality type, gender, and locus of control as moderating variable. This research was carried out at the Public Accountant Offices at Jakarta, Semarang, and Yogyakarta. The sampling was conducted by convenience sampling technique. Collecting data was conducted by questionnaires. One hundred thirty seven questionnaires were returned. The result of research showed that personality type and gender significantly affect the effect of organizational-professional conflict toward professional judgment. However, locus of control didn't significantly affect the effect of organizational-professional conflict toward professional judgment.

Keywords: Organizational-professional conflict, Personality type, Gender, Locus of control, Professional judgment

1. Introduction

Professionalism became important aspects related to the integrity of the profession of a person. According to Muntoro (2006), a professional will meet the standards demanded by the profession, whether it is a standard that is associated with the competence or ability and that a particular relating to the expected behavior for someone who claimed to be members of a profession. A public accountant will certainly encounter many situations during the engagement with the client. Scutellaro (2009) found that the judgment becomes a very important thing that will be faced by a certified public accountant in her professional life as integrity, professionalism demonstrated through explaining the main principles of a certified public accountant.

Edu and Esang (2007) explained that the accounting profession in the last decade has a poor image in the public. This is justified by the scandal associated with some of the big corporate names like Enron in 2002 or Satyam in 2009. Schumutte and Duncan (2009) found that professional judgment is an increasingly important aspect of an independent audit function.

According to Beck and Wu (2006), audit staffing policy is essential in order to obtain a high quality audit. Here, an auditor must have the ability to apply adequate professional judgment on the financial statements that are made by the client based on applicable accounting standards. Tuanakotta (2011) said that professional judgment is an important part of critical thinking in the audit practice. This concept can and should be applied in all phases of the audit process. Wedemeyer (2010) further explained that the development of research on the auditor's judgment, audit quality, and professional skepticism arising as a result of the Sarbanes-Oxley Act of 2002, is currently focused on the judgment made at the level of individual audit engagements.

Goldman and Barlev (1974) said that in the negotiations the two parties (the auditor and the client) will be affected by the relative strength of each party that caused the auditor to be involved in a conflict that sometimes made him ignore professionalism. Iyer and Rama (2004) further explained that the above condition is caused by the relative power between the client and the auditor. These factors could spur conflicts between organizational and professional values.

Otley and Pierce (1996) found that audit quality is determined by the proper process to be followed and personal control auditor to avoid conflict and dysfunctional behavior. Bonner (2008) also confirms this by saying that the assignment and review of the results of the work will be tiered with the hierarchy of the audit team so that members are not in the same level in the organization and are heterogeneous in personal characteristics.

Due to the conflict, there is a tendency of an auditor perform a dysfunctional behavior, which means, the auditor will make a professional judgment improper in an audit

engagement that will affect the quality of the audit. The trend will be reinforced by behavioral factors (personality type, gender, and locus of control) are embedded in an auditor.

Accordingly, the purpose of this study is: empirically examine the influence of personality type, gender, and locus of control on the relationship between organizational-professional conflict and professional auditor judgment.

2. Literature Review

2.1 Cognitive Dissonance Theory

The condition of organizational-professional conflict may be associated with cognitive dissonance theory to explain the relationship between attitudes and behavior. Cognitive abilities defined by Ivcevic and Mayer (2006) as the ability to express creative ideas. Cognitive dissonance theory is a concept that is paradoxical to the notion of cognitive abilities. Setiawan and Ghazali (2006:10) explained that this theory considers that the actions influence the next actions or attitudes. Under conditions of cognitive dissonance, assuming that dissonance is a psychological condition that is not satisfied, people will tend to be motivated to reduce dissonance or reduce the increase.

Wade and Tavis (2007:23) argued that one of the conditions that cause people to reduce dissonance is when someone needs a justification for behavior that is in conflict with the view they had of themselves. Burns (1988:24) defines a distorted cognitive condition is when a person disqualifies the positive or neutral that should happen to be things that are negative.

If the theory is implemented in the context of auditing, as an auditor faces a conflict situation with a professional, it will try to reduce dissonance by justifying the judgment made without consideration that the judgment made is biased or not.

2.2 Role Theory

The theory of the role by Rizzo et al. (1970) stated that while the expected behavior of an individual is not consistent then he will experience stress, become dissatisfied, and doing something ineffective than when there is no expectation that the conflict. Ahmad and Taylor (2009) found that role conflict can affect the way an individual thinks.

Conflict-related roles in the context of auditing in relation to the conditions in an auditor, Lathifah (2008) explained that the auditor has two roles: as a professional who should be subject to the code of professional conduct public accountant and a member of the organization (public accounting firm). Under these conditions, an auditor can feel there is a conflict between the values espoused in the organization with values that must be respected in his profession, then there was a conflict of roles on himself. If both of these runs are not consistent, in such a situation, there will be conflict within the auditor's role

2.3 Hypothesis Development

a. Relationship of Organizational-Professional Conflict and Professional Judgment

Shafer (2002) found that over the past few decades, changes in the organizational structure leads to conflicts between the organization's values and professional values. Research by Shafer, Park, and Liao (2001) by using the object of management accountant, examines the correlation between the level of professionalism of the organizational-professional conflict that occurs in an organization. In that study, Shafer (2002) said that employees who do not have a commitment to the high standards ethical, they rationalize unethical behavior as a necessary part of the job or the business environment and to avoid internal conflicts.

Research by Utami (2007) described the relationship between ethical pressures with organizational-professional conflict. Pressure cause auditors could violate ethical codes of professional conduct that should be done. The higher the pressure for ethical behavior of public accountants, the conflict between the values of the perceived organizational and professional also higher.

An auditor who experience conflict between organizational values and professionalism will have a tendency to have a deviant behavior during the audit assignment. Deviant behavior that would have a tendency to influence professional judgment to be made to deviate from the standards also applies. According to the statement, the following hypothesis can be drawn:

H1: Organizational-Professional Conflict affects the auditor's Professional Judgment

b. Influence of The Personality Type in Relationship Between Organizational-Professional Conflict and Professional Judgment

Research by Leiter (1991) which is also related to organizational-professional conflict said that when a worker is not satisfied with their job stress level is expected to rise as a result of their professional goals that are inconsistent with the duties performed by the time they do the job. This is when associated with personality types A and B, then it can be attributed to the properties attached to each personality type. The properties that exist in the type A personality who tend to experience more stress will also have a tendency to make a judgment that is less appropriate for the audit assignment. From the statement of the hypothesis can be arranged as follows:

H2: Auditors with type A personality will tend to make the Professionals Judgment who are biased when in Organizational-Professional Conflict situations compared to auditors with type B personality

c. Effect of Gender on the Relationship Between Variables Organizational-Professional Conflict and Professional Judgment

Research by Gold, Hunton, and Gomaa (2009) and Trisnaningsih (2004) identified the lack of female partner in a public accounting firm. This indicates that there is an element of gender play a role in the public accounting profession.

Jamilah, Fanani, and Chandrarin (2007) found that gender is thought to be one of the factors that influence individual level audit judgment in line with changes in the complexity of the task and the effect of adherence to ethics. Woman allegedly more efficient and effective in processing information as the complexity of the task in decision making than men. Ruegger and King (1992) found that women generally have a higher level of moral reasoning than in men.

Research by Gold, Hunton, and Gomaa (2009) stated that in general, the precursor studies reveal the effects of gender on audit judgment. Men and women differ in the way they related to risk aversion. Women are generally risk averse than men. Women also tend to use cognitive information more comprehensive and detailed than men.

Jamilah, Fanani, and Chandrarin (2007) stated that women are relatively more efficient than men as have access to the information. In addition, women also have a sharper memory to a new information than men and this is the case the ability to process information a little sharper.

According to the concept of work family conflict in a study conducted by Nirawati (2009) and Triaryanti (2003), women working in conflict demands of work and family demands are likely to experience depression more than men. In the context of the audit, the female auditor will tend to experience depression than male auditor during the conflict associated with the role.

From the statement, it is clear that there are differences in attitudes between men and women in the face of a conflict and in making a judgment in an audit engagement. It is said that women have a tendency to experience depression more than men, so the trend factor, during conflict, women will tend to make the auditor's judgment not appropriate, then the hypothesis can be structured as follows:

H3: Female auditors will tend to create a bias professional judgment when in a situation of conflict between the values of the organization and professional than male auditors

d. Effect Of External Locus of Control in The Relationship Between Organizational-Professional Conflict and Professional Judgment

Hyatt and Prawitt (2001) further explained that the locus of control is also related to the conflict in the audit and the audit influence on deviant behavior (dysfunctional audit behavior). Research Muawanah and Indriantoro (2001), in line with the theory advanced by Robert, Lapdus and Chonko (1997), argued that individuals with an internal locus of control has its

certain that an incident is always in control and will always take the role and responsibilities in determination of right or wrong. In contrast, people with an external locus of control believe that every event is outside its control and believes that his life is influenced by fate, luck and opportunities as well as more in the power beyond himself. Because of this, the external auditor locus of control is more likely to meet client demand.

Research by Rotter (1990) explains that a person who has an external locus of control generally perform well when the restraint imposed upon them. Kartika and Wijayanti's research (2007) shows that a person with an internal locus of control is likely to be more successful in your career than someone who has an external locus of control. This is because a person with an internal locus of control tends to have higher employment levels, promoting a faster and earn more money. In addition, the nature of internal locus of control reported higher satisfaction with their work and look better able to withstand stress than external locus of control.

Research by Spector (1982) suggests that the locus of control is significantly related to performance. Individuals who have an internal locus of control tend to use pressure or urging greater effort than individuals with an external locus of control when it is believed that the effort appears or lead to reward.

With the difference in the response of a person with an internal locus of control and external, it can be said to be different to the type of response to an auditor different locus of control when they make a professional judgment. Auditors with an external locus of control will have a deviant behavior while auditing role in conflict situations have a tendency to create the judgment that deviate from standards. From the statement, the following hypothesis can be drawn:

H4: Auditors with an external locus of control when you are in a situation of conflict between the values of the organization and professionals will tend to make a professional judgment as compared to bias auditors with an internal locus of control

3. Research Methods

3.1 Population and Sample

The population in this study is the auditor who worked at a public accounting firm in Jakarta, Yogyakarta, and Semarang. Sampling for the population based on the consideration that the quantity of a public accounting firm located in the area so that more samples to be taken will be more, so that the results can be generalized better. The sampling method used in this study are sampling with consideration of convenience sampling with sampling techniques using a questionnaire.

3.2 Data Types and Variables Measurements

Measurements of the variable using questionnaires and measured using a Likert scale of these instruments have been determined. Variable organizational-professional conflict was

measured by using a 3 point question the instruments used by Aranya and Ferris (1984). Variables personality type will distinguish responders into personality types A or B, as measured by using 18 items questionnaire of personality types A and B characteristic according to the theory of Friedman and Rosenman (1974). Gender variable is the moderating variable that is measured by using a dummy variable to distinguish respondents by type of sex. Variable locus of control is measured by using a 12-point question in Mas'ud (2004) which was developed by Robert, Lapdus and Chonko (1997). Every item at random question whether he would differentiate respondents tends to have an internal locus of control or external. Professional judgment variable is the dependent variable was measured using 10 items from the questionnaire instrument developed by Jamilah, Fanani and Chandrarin (2007). The instrument is in the form of audit cases and will measure the respondents' assessment of the condition in an audit assignment

3.3 Data Testing

Tests on the data is done using reliability and validity test of the data, the classical assumption test (normality and heterocedasticity), and hypothesis testing. The hypothesis to be tested separately using linear regression by separating respondents based on type of personality (personality types A and B), gender (male and female) and locus of control (internal and external) to explain the moderating effects. Regression equation based on respondents who split is described as follows:

$$Y = a + BX_1$$

Y: Professional Judgment

X₁: Organizational-Professional Conflict

4. Analysis and Interpretation

4.1 Description of Data

The sample in this study is whether the public accountant who worked at the Office of the Public Accountant (KAP) and the Big Four public accounting firm non-Big Four. Level positions in careers in public accounting firms in the study were all level positions ranging from junior auditor to partner. Of the 190 questionnaires distributed, 137 questionnaires are returned and processed.

Descriptive analysis showed that the number of female auditor respondents in this study more than male auditor that as many as 75 respondents or about 55%. Male auditors who were respondents in this study were 62 people (45% of respondents). Judging from the type of personality and locus of control by testing using instruments, 85% (116 people) of respondents have a type A personality and 15% (21 people) of respondents have a personality type B, 55% (75 people) of respondents have an external locus of control type, 45% (62 people) of respondents have a type of internal locus of control.

4.2 Statistical Analysis

a. Reliability Test Data

Reliability criteria according to Hair et al. (2006) said that if the value of Cronbach Alpha > 0.60, it is a construct or variable is said reliable. Test results on the variable of organizational-professional conflict, personality type, locus of control, and demonstrate the value of professional judgment's Cronbach Alpha respectively: 72.6%, 91.5%, 73.3%, and 62.1% according to the criteria of Hair et. al. (2006) could be said to be reliable.

b. Validity Test Data

A questionnaire as valid if the questions in the questionnaire were able to reveal something that will be measured by questionnaire (Ghozali, 2011:52). Level of validity of the data was tested by correlating the score of each item to the total score (corrected item-total correlation technique).

The result is an instrument for testing the validity of each of the variables showed significant results, so it can be concluded that the whole instrument to a variable is valid.

c. Classical Assumptions Test

Test classical assumption that the study was conducted on each of the regression models include: heterocedastisity normality test and test. Multicollinearity test and autocorrelation test was not done because, as already explained earlier that the separation of responders, there is no problem of multicollinearity and the data used in this study is not a time series (which considers data on t and t-1).

(1) Normality Test

Normality test data in this study using the Kolmogorov-Smirnov test. The results of the normality test data for each regression model using the Kolmogorov-Smirnov test. Normality test results for each regression model showed that the significant value is greater than 0.05. These results indicate that the hypothesis H_0 (H_0 : residuals are normally distributed) cannot be rejected, or in other words that the residuals are normally distributed

(2) Test of heterocedastisity

In this study, the test data using Park test of heterocedastisity. The results of testing on every model heterocedastisity regression showed that for every test heterocedastisity of each regression model no independent variables that were statistically significantly affect the dependent variable absolute value residual (Ln function of the square of the residual variable). It is seen from the probability of significance above 5% confidence level. So it can be inferred that the regression model does not contain any heterocedastisity

d. Hypothesis Testing

Hypothesis testing is done by separate sub-samples on each moderating variable. Hypothesis test results shown in the table below:

Table 1 Regression Test Results with Sub-Sample Separation

Dependent Variable / Moderating Variable	Sub Sample	t-value	Coefficient	Result	Result of Hypothesis Testing
<i>Organizational-Professional Conflict</i>	(none)	-2.469	0.015	Significant	Supported
Personality Type	Type Personality A	-2.035	0.044	Significant	Supported
	Type Personality B	-1.114	0.279	Not Significant	
Gender	Male	-0.064	0.949	Not Significant	Supported
	Female	-4.196	0.000	Significant	
Locus of Control	Internal	-1.87	0.066	Not Significant	Not Supported
	External	-1.606	0.113	Not Significant	

Source: Processed primary data

a. Organizational-Professional Conflict Relationship with Professional Judgment

Test results for hypothesis 1 shows the calculation of the value of t-statistic (t-value) is -2.469, with a value of significance 0.015. T-table value at 0.05 (5%) is 1.645. Significant value of 0.015 is less than 0.05. This means that H1 is statistically supported.

b. Relationship Between Organizational-Professional Conflict with Professional Judgment Moderated by Personality Type

In the second regression test results, the calculation of the value of t-statistic (t-value) is -2.035, with a significance value of 0.044. T-table value at 0.05 (5%) is 1.645. Significance value smaller than 0.05, which means that the result is significant. This means there is a significant influence of organizational-professional conflict against professional judgment to sub sample personality type A.

Third regression shows the results of the regression test results of the calculation of the value of t-statistic (t-value) is -1.114, with a significance value of 0.279. T-table value at 0.05 (5%) is 1.645. 0.279 significance values greater than 0.05, which means that the results of the regression test 3 is not significant. This means there is no significant influence of organizational-professional conflict on professional judgment for the sub sample personality type B.

From the comparison of the results of regression 2 and 3 can be seen that the type A personality significantly influence the relationship between organizational-professional conflict and professional judgment while personality type B does not have a significant effect, this means that hypothesis 2 (H2) is statistically supported.

c. Relationship Between Organizational-Professional Conflict with Professional Judgment Moderated by Gender

In the fourth regression, the result show the value of t-statistic (t-value) is -0.064, with a significance value of 0.949. T-table value at 0.05 (5%) is 1.645. Significance values is greater than 0.05, which means that the results of the fourth regression testis not significant. This means that there is no significant influence of organizational-professional conflict on professional judgment for the sub sample of men.

Fifth regression shows the regression results of the calculation of the value of t-statistic (t-value) is -4.196, with a significance value of 0.000. T-table value at 0.05 (5%) is 1.645. Significance value smaller than 0.05, which means that the results of five significant regression. This means there is a significant influence of organizational-professional conflict against professional judgment for the sub sample of women.

From the comparison of the results of regressions 4 and 5 can be seen that the sub-sample of women test significantly influence the relationship between organizational-professional conflict and professional judgment while testing on a sub sample of men had no significant effect, this means that hypothesis 3 (H3) is supported by statistical tests.

d. Relationship Between Organizational-Professional Conflict and Professional Judgment Moderated by Locus of Control

On the results of the sixth regression showed the calculation of the value of t-statistic (t-value) is -1.870 with the value of significance is 0.066. T-table value at 0.05 (5%) is 1.645. Significance values greater than 0.05 which means that the results of the regression test 6 is not significant. This means there is no significant influence of organizational-professional conflict on professional judgment for the sub sample of internal locus of control.

Seventh regression showed the results the calculation of the value of t-statistic (t-value) is 1.606 with the value of significance is 0.133. T-table value at 0.05 (5%) is 1.645. Significance values greater than 0.05 which means that the result of the seventh regression is not significant. This means there is no significant influence of organizational-professional conflict on professional judgment for the sub sample of external locus of control.

From the comparison of the results of the regression 6 and 7 can be seen that the locus of control internal and external alike no significant effect on the relationship between organizational-professional conflict and professional judgment. This means that hypothesis 4 (H4) is not supported by statistical testing.

5. Conclusion

Research shows that there is influence between organizational-professional conflict and professional judgment are reinforced by the type of personality variables and gender as a moderating variable but no significant effect for the variable locus of control. It is clear that if an auditor or a woman who has type A personality is involved in a state of conflict between

professional values then it will tend to make a professional judgment bias. In contrast, there is no relevance between type locus of control both internal and external that is owned by an auditor will affect the audit judgment made at the time he was involved in a conflict between organizational and professional values.

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-Tabita Indah Iswari-

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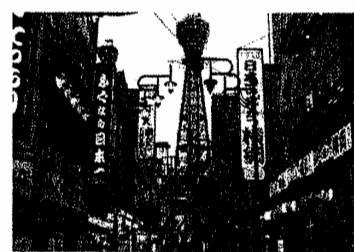
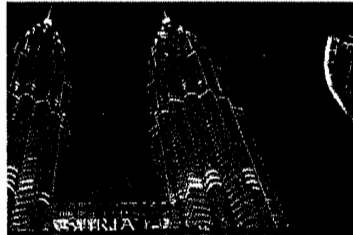
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